

**INVESTMENT ADVISER BROCHURE**

**ANDALUSIAN PRIVATE CAPITAL, LP**

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**July 6, 2021**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Andalusian Private Capital, LP. If you have any questions about the contents of this Brochure, please contact us at 973-701-7000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

Andalusian Private Capital, LP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Andalusian Private Capital, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

Andalusian Private Capital, LP (“**Andalusian**”) is preparing this Form ADV Part 2 in connection with its initial registration as an investment adviser with the SEC, and consequently there are no material changes from a previous annual or other than annual amendment.

## ADVISORY BUSINESS

Andalusian Private Capital, LP, a Delaware limited partnership and a registered investment adviser, provides investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. Andalusian provides investment advisory services to private investment funds (“**Fund**” or “**Funds**”) that it sponsors, and whose investor base is principally drawn from certain individual and institutional investors (“**Program Participants**” or “**Accounts**”, and together with the Funds, “**Clients**”) who have entered into investment program agreements with Andalusian (“**IPAs**”) for the presentation of investment opportunities sourced by Andalusian and made available to Program Participants through the Funds.

The Funds are private equity funds structured as special purpose vehicles (each an “**SPV**”), and which invest through negotiated transactions in a single operating entity or limited number of operating entities, generally referred to herein as “portfolio companies.” Andalusian’s investment advisory services to the Clients consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Andalusian or its affiliates generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Andalusian’s advisory services to the Clients are detailed in the relevant private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements, limited partnership or other operating agreements (each, a “**Partnership Agreement**” and together with the IPAs, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Clients who invest in the Funds participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; such arrangements generally do not and will not create an adviser-client relationship between Andalusian and any investor. The Funds or their respective general partner entities (“**General Partners**”) generally enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, from time to time and as permitted by the Governing Documents, Andalusian expects to provide (or agree to provide) co-investment opportunities (including the opportunity to

participate in co-invest vehicles) to certain Clients and other third parties. Such co-investors are expected to include market participants, finders, consultants and other service providers, as well as other investment vehicles sponsored by, or associated with, certain Program Participants. Co-investors are further expected to include Andalusian's personnel and/or certain other persons associated with Andalusian and/or its affiliates (*e.g.*, a vehicle formed by Andalusian's principals to co-invest alongside a particular Fund's transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment.

Andalusian is a private investing group headquartered in Short Hills, New Jersey. The firm has a flexible investment mandate focused on broad market themes across diverse sectors and industries. Andalusian was co-founded by Jeffrey Kaplan and Nicholas Savasta. The firm was launched with its founding investor, David Tepper, in July 2020. Jeffrey Kaplan serves as President and Nicholas Savasta serves as Vice Chairman. Andalusian expects to be eligible for registration as a large advisory firm within 120 days of the date that it filed its initial registration with the SEC. The general partner of Andalusian Private Capital LP is Andalusian Private Capital GP, LLC, a Delaware limited liability company. The principal owners of Andalusian Private Capital LP are identified in Schedules A and B of Andalusian's Form ADV Part 1A.

## **FEES AND COMPENSATION**

In general, Andalusian receives a management fee and a carried interest in connection with advisory services. In certain circumstances Andalusian or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation is not expected to be offset in whole or in part the management fees otherwise payable to Andalusian in accordance with the Governing Documents. Investors in a Fund also bear certain expenses.

### **Management Fees and Payment of Fees**

The Funds generally pay Andalusian a management fee (the "**Management Fee**") equal to 1.75% on an annual basis of aggregate investor capital commitments ("**Commitments**"). In addition to the Management Fee for the Funds, Andalusian receives fixed program fees from Program Participants for making investment opportunities available as further described in the applicable IPAs. Additionally, certain fees and other compensation are paid to Andalusian by the Funds upon the successful closing of transactions by such Funds.

To the extent permitted by a Fund's Governing Documents, Andalusian or another of its affiliates, as applicable, reserve the right to receive certain supplemental fees and other amounts ("**Supplemental Fees**") consisting of: (i) management services or advisory consulting fees paid by any portfolio company; (ii) transaction and break-up fees paid by any portfolio company; (iii) directors' fees; and (iv) other designated net fee payments received by Andalusian from portfolio companies or prospective portfolio companies. A Fund's Governing Documents generally will address whether such Supplemental Fees received by the Firm and attributable to the Fund's investment in a portfolio company will be credited against management fees otherwise owed to the Firm.

## **Carried Interest**

Andalusian will receive a carried interest with respect to the Funds equal to 20% of all realized profits, as more fully described in the Governing Documents. The carried interest distributed to Andalusian is subject to a potential giveback at the end of life of a Fund if Andalusian has received excess cumulative distributions and at certain interim intervals as provided in the Governing Documents. It is expected that any future Funds will have a similar fee structure.

## **Other Information**

Andalusian reserves the right to exempt certain “affiliated partner” investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Andalusian and any other person designated by Andalusian, such as “friends and family” of Andalusian or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The General Partner reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by Andalusian and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a Andalusian professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the Governing Documents, Andalusian reserves the right to permit investors, affiliated with Andalusian or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. Andalusian retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor’s capital account(s).

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds. Principals or other current or former employees of Andalusian generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Andalusian or its affiliates.

In addition to the Management Fee and carried interest payable to Andalusian, each Fund bears certain expenses. As set forth more fully in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund’s (and its subsidiaries’ and intermediate entities’) activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Management Fees.

The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Andalusian and/or its affiliates. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the

foregoing items, which generally are expected to be significant. Excluded from Fund expenses are ordinary administrative and overhead expenses of the General Partners incurred in connection with managing, originating and monitoring investments, including rent, utilities and other similar expenses specified in the Governing Documents. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. While Andalusian believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Andalusian, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Andalusian’s related policies and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

Andalusian and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company’s holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Andalusian and/or its affiliates on the other hand.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” the relevant General Partner receives a carried interest allocation on certain realized profits in the Funds. Andalusian reserves the right to waive carried interest with respect to certain “affiliated partners”. Andalusian may in the future manage accounts that are not charged performance-based compensation, or are charged performance-based compensation in lower percentages or with higher preferred return amounts that must be met before Andalusian is compensated. This practice could present a conflict of

interest because Andalusian has an incentive to favor accounts for which it receives the highest performance-based compensation.

Andalusian seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Clients on a fair and equitable basis over time in accordance with each Client's investment guidelines and Governing Documents.

The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Andalusian generally considers performance-based compensation to better align its interests with those of its investors.

## **TYPES OF CLIENTS**

Andalusian provides investment advice to the Accounts pursuant to the applicable IPAs. Andalusian also provides investment advice to Fund clients. The Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Andalusian and its affiliates and members of their families, operating partners and senior advisors or other service providers retained by Andalusian.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Funds may have a minimum investment amount for third-party investors, and Fund interests are offered and sold solely to either qualified purchasers or accredited investors that are also qualified clients (or qualified knowledgeable Andalusian personnel). Andalusian generally is permitted to waive such minimum investment amount.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

Andalusian is a private investment firm focused on making control and non-control investments in proprietary deals across a variety of themes and sectors, including out-of-favor industries, special situations, recapitalizations, shareholder activism, sports and media, growth opportunities and other areas of the private market. Andalusian's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing

and monitoring investments and achieving dispositions for investments. Investments are predominantly of non-public companies although investments in public companies are permitted. Once an investment opportunity has been identified, Andalusian seeks to implement an effective operating strategy to improve the performance of the acquired company by (i) developing restructuring and operating plans, (ii) building the management team and (iii) providing significant resources to portfolio companies.

There can be no assurance that Andalusian will achieve the investment objectives of any Fund and a loss of investment is possible.

## **Investment and Operating Strategy**

*Deal Sourcing and Due Diligence.* Andalusian markets its investment criteria to its deal source network with frequent mailings, telephone calls, public relations, conference attendance and in-person meetings. Once a potential investment is identified, Andalusian develops an investment thesis and, through a detailed due diligence process, seeks to verify such thesis and investigate the major business risks. As part of its diligence process, Andalusian completes a detailed analysis of an industry including contacting a target company's customers and vendors, trade organizations, Andalusian's contact network and, in certain instances, industry consultants.

*Develop Restructuring and Operating Plan.* Senior members of the professional and operating staff of Andalusian and its affiliates develop a restructuring and operating plan prior to the close of each transaction focusing on the target's strengths, weaknesses, competitive position, industry trends and other relevant factors.

*Build Management Team.* Andalusian may supplement or replace the management team at a new portfolio company or advise the existing management team on ways to improve performance. Andalusian and its affiliates routinely search for highly qualified senior managers and often identify qualified candidates prior to making the next investment. In certain instances, operating professionals of Andalusian or its affiliates will fill key management roles (including chief executive officer or chief financial officer) on an interim basis immediately following closing until a professional management team can be assembled.

*Maintain Active Involvement in Portfolio Companies.* Andalusian aims to act decisively with respect to newly acquired portfolio companies and typically makes significant changes to the company within the first three to six months after acquisition. Thereafter, Andalusian stays actively involved in the management of the portfolio companies by, among other things, requiring its portfolio companies to distribute weekly flash reports and scheduling frequent meeting with the senior staff to focus on operations, competition, new products and personnel.

*Internal Growth and Add-on Acquisitions.* Once the above strategies have been implemented, Andalusian will often seek to utilize the portfolio company's cash flow, equity value and borrowing capacity to accelerate growth through new product and market opportunities and add-on acquisitions.



*Exit Strategy.* Once the portfolio company has restored a track record of sales growth and consistent profitability, Andalusian will consider appropriate exit strategies, including the sale to a strategic or financial buyer, an initial or secondary public offering or a recapitalization. Factors considered include the company size, company growth rate, industry and competitive dynamics, banking market conditions and capital market conditions.

## **Risks of Investment**

Each Client and its investors bear the risk of loss that Andalusian's investment strategy entails. The risks involved with Andalusian's investment strategy and an investment in a Fund include, but are not limited to the risks outlined below. Additional risks specific to a Client's investment strategies can be found in the relevant Client's Governing Documents. Risk factors below describing the risks applicable to a Fund may also be applicable to any Account managed by Andalusian:

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by non-public troubled companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk which can result in substantial losses. Indeed, investments in troubled companies involve a higher degree of risk than other investments.

*Concentration of Investments.* Each Fund will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time) and, as a consequence, the aggregate return of a Fund may be materially affected by the performance of a single investment or a single industry segment.

*Lack of Sufficient Investment Opportunities.* It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the Commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear management fees through such Fund during the commitment period based on the entire amount of the limited partners' Commitments to such Fund and other expenses as set forth in the Governing Documents.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. A General Partner may pursue investments outside of the industries and sectors in which Andalusian has previously made investments or has internal operational experience.

*Growth Equity Transactions.* A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total

loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which a Fund may invest, including various segments of the healthcare, financial services, and telecommunications industries, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare, financial services, and telecommunications industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

*Leveraged Investments.* A Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which in recent years have been at or near historic lows) and could accelerate and magnify declines in the value of such Fund's investments

in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by Andalusian or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

*Subscription Lines.* A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the

interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities

determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to Andalusian with respect to such investment.

*Non-U.S. Investments.* A Fund may invest in companies that are organized and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Fund) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

*Distressed Investments.* A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Andalusian will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Andalusian in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and

third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, Andalusian may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for such Fund to increase its participation in a successful operation.

*Investment in Junior Securities.* The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

*Public Company Holdings.* A Fund's investment portfolio may contain debt and/or equity securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Andalusian's principals, and increased costs associated with each of the aforementioned risks.

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or is subject to terms and conditions imposed by portfolio company lenders, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

*Limited Access to Information.* Limited partners' rights to information regarding a Fund, the relevant General Partner or Andalusian generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited,

including as a result of contractual, legal or similar obligations outside of Andalusian's control. Decisions by Andalusian or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Andalusian and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Andalusian reserves the right to withhold certain information from investors subject to such laws for reasons relating to Andalusian's public reputation, business strategy or other reasons.

*Material Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of Andalusian and its affiliates, as well as in connection with officerships or directorships of Andalusian personnel, Andalusian frequently comes into possession of confidential or material non-public information. Therefore, Andalusian and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Andalusian's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Andalusian or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Andalusian's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Andalusian or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance

that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

*Hedging Arrangements; Related Regulations.* The General Partner may (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Unfunded Pension Liabilities of Portfolio Companies.* Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although Andalusian intends to manage each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Investments.* Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting



principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Andalusian or one of its service providers holding its financial or investor data, Andalusian, its affiliates or the Funds may also be at risk of loss.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations ("Privacy Laws") in the United States, Europe and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Andalusian, the General Partner, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Andalusian, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Andalusian, the General Partner, the Funds and/or their portfolio companies.

*United Kingdom (“UK”) Exit from the European Union (the “EU”):* On March 29, 2017, the UK formally notified the European Council of its intention to leave the European Union (“Brexit”). The UK formally left the EU on January 31, 2020 at 11.00 pm after which it entered the transition period, which ended on December 31, 2020. During the transition period, the majority of the existing EU rules applied in the UK. On December 24, 2020, the UK government and the EU Commission provisionally agreed a trade and cooperation agreement governing their future relationship, which has been ratified by the UK Parliament. The trade agreement still needs to be ratified by the EU Parliament, and there after adopted by the EU Council. Until such ratification is complete, the terms of the new agreement is expected to apply on a provisional basis from the end of the transitional period. Although the terms of the UK’s future relationship with the EU have been provisionally agreed, there is still uncertainty as to the extent to which UK businesses will have access to the EU single market, and the extent to which EU business have access to the UK market. There is also a risk of significant disruption to trade between the UK and the EU, particularly in the initial period following the end of the transitional period and the implementation of the new trade arrangements. Finally, there is no guarantee that the trade agreement will achieve the ratification it requires in order to become permanent. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on the Fund and its investments, including the ability of the Fund to achieve its investment objectives. The legal, political and economic uncertainty generally resulting from the UK’s exit from the EU may adversely affect both EU and UK-based businesses. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

## **Conflicts of Interest**

Andalusian and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of the Clients, and providing management and other services to Clients and portfolio companies. Certain principals of Andalusian will spend a portion of their business time and attention serving as officers, investment professionals, and/or board members for other independent investment advisory or broker-dealer firms (“Third-Party Advisers”), which are not affiliated with Andalusian and the Andalusian Affiliates (defined below) (collectively, “Other Advisory Activities”). While Andalusian is expected to implement certain procedures to mitigate the risks of conflicts resulting from these arrangements, there can be no assurance that such measures will appropriately mitigate such risks. In addition, certain principals of Andalusian expect to have responsibilities and duties with respect to Other Advisory Activities, and such principals may need to devote substantial amounts of their time to such Other Advisory Activities. Therefore, conflicts will arise among the Clients, such Other Advisory Activities and Andalusian with respect to the allocation of such principals’ time and resources.

Andalusian will devote such time, personnel and internal resources as are necessary to conduct the business affairs of Clients in an appropriate manner, as required by the Governing Documents, although Clients and their respective investments will place varying levels of demand on these over time. In the ordinary course of Andalusian conducting its activities, the interests of a Client likely will conflict with the interests of Andalusian, one or more other Clients, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Andalusian will determine all matters relating to structuring transactions and Client operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the applicable Client.

During the commitment period of a Fund or the term of an IPA, all appropriate investment opportunities will be pursued by Andalusian principals through the applicable Client, subject to certain limited exceptions set forth in the Governing Documents and Andalusian's Allocation Policy. Without limitation, Andalusian principals currently manage, and expect in the future to manage, several other investments similar to those in which a Client will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Andalusian's principals and Andalusian's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Andalusian principals expect from time to time to control or manage generally have the potential to compete with companies acquired by a Client. Following the commitment period of a Fund or the term of an IPA, Andalusian principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Client's investments.

From time to time, Andalusian will be presented with investment opportunities that would be suitable for more than one Client. In determining which investment vehicles should participate in such investment opportunities, Andalusian is subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Andalusian is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one Client of Andalusian in a portfolio company also have the potential to raise the risk of using assets of a Client of Andalusian to support positions taken by other Clients of Andalusian.

Andalusian must first determine which Client(s) will, or are required to, participate in the relevant investment opportunity. Andalusian generally assesses whether an investment opportunity is appropriate for a particular Client based on the Governing Documents, as well as factors set forth in Andalusian's Allocation Policy. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Client generally reserves the right to invest together with other Clients advised by Andalusian in the manner set forth in the Governing Documents and Andalusian's Allocation Policy. Andalusian will determine the allocation of investment opportunities among Clients in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with Andalusian's obligations and reserves the right to take into consideration factors such as those set forth above.

Following such determination of allocation among Clients, Andalusian will determine if the amount of an investment opportunity in which one or more Clients will invest exceeds the amount that would be appropriate for such Client(s) and Andalusian reserves the right to offer any

such excess to one or more potential co-investors, including third parties, as determined by the Governing Documents, Side Letters and Andalusian's procedures regarding allocation. Andalusian's procedures permit it to take into consideration a variety of factors in making such determinations.

Furthermore, Andalusian or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors or Program Participants, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of Andalusian and its affiliates make capital investments in or alongside certain Clients, Andalusian and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Client's return from a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Andalusian's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Andalusian will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Andalusian expects to be subject, discussed herein, did not exist.

In addition to managing other Clients, Andalusian, its affiliates and their employees reserve the right to sponsor and/or manage special purpose acquisition companies ("SPACs") that may compete with certain Clients for investment opportunities. In allocating such investment between an Andalusian-sponsored SPAC and a Client, Andalusian would consider such factors as it deems relevant under the circumstances. Notwithstanding the foregoing, Andalusian does not expect that this will raise material allocation issues between the Clients and an Andalusian-sponsored SPAC, because the SPAC will ordinarily seek to acquire a company that is prepared to be transitioned to public ownership (which may not be appropriate for a Client, which is expected to generally target companies that are more suitable for an investment in the private market). If Andalusian determines to pursue any specific business opportunity, Andalusian will determine which entities will be allocated any such business opportunity based on a number of factors, including the size of the target business, investment mandates of such entities, potential synergies and the other factors as determined by Andalusian in its sole discretion. Andalusian maintains broad discretion to determine the allocation of investment opportunities between a Client and an Andalusian-sponsored or affiliated SPAC. The outcome of these determinations has the potential to result in the allocation of all, none or a sub-optimal portion of certain investment opportunities to the Clients. There is no assurance that any of these potential or actual conflicts will be resolved in favor of the Clients.

Subject to applicable legal, regulatory, fiduciary or contractual considerations, the Clients are expected to invest in SPACs that are sponsored by or affiliated with Andalusian, its affiliates or their employees, through receipt of an initial allocation in those SPACs' IPO, a subsequent PIPE in connection with a SPAC business combination or through secondary market purchases. In so doing, Andalusian would face a conflict of interest because it has an incentive to use Client assets to support such affiliated SPAC, and voting affirmatively to support a SPAC business combination or participating in an associated PIPE solely because such SPAC is sponsored by or affiliated with Andalusian, its affiliates or their employees, and accordingly stands to benefit materially and potentially disproportionately vis-à-vis other investors therein as a result. This could arise from receipt by Andalusian, its affiliates or their employees of "founders shares," a form of incentive compensation that often has significant embedded value, from the SPAC in connection with a SPAC business combination, benefits to Andalusian's business reputation and industry standing, particularly as it relates to its SPAC strategy, generation of new investment opportunities, attraction of new investors and other economic and non-economic benefits for which the Clients will not be directly compensated. Andalusian could also face incentives to cause Clients to take actions with respect to its SPAC and PIPE holdings that it otherwise would not absent its affiliations with a SPAC, including by continuing to hold onto its investments past the point it otherwise would absent those affiliations, because of the potential financial benefits that would accrue to the SPAC. Other conflicts of interest involving a Client's transactions in affiliated SPACs and PIPEs in connection with a SPAC business combination are possible, and Andalusian can provide no assurance that such conflicts, if they were to arise, will be resolved in a manner favorable to Clients.

In certain cases, Andalusian will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Andalusian will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Clients invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Clients that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Clients may or may not provide such additional capital, and if provided, each Client generally will supply such additional capital in such amounts, if any, as determined by Andalusian in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Andalusian expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Client versus another Client (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the

resolution of workouts or bankruptcies). If a Client enters into any indebtedness with another Client on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Client with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Andalusian expects to be subject to potential conflicts of interest, for example between a Client with a reimbursement obligation and a Client seeking reimbursement. In certain circumstances Clients are expected to be prohibited from exercising (or Andalusian may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Client or the other may be subject to creditor claims regarding subordination of interests. Andalusian intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Client to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Potential conflicts are expected to arise when and to the extent a Client makes investments in conjunction with an investment being made by another Client, or if it were to invest in the securities of a company in which another Client has already made an investment. A Client may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Clients. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Client and the other Client(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Andalusian and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Client's investments will be the same as the returns obtained by other Clients participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Clients. In that regard, actions taken for one or more Clients may adversely affect other Clients.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, Andalusian will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Andalusian expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by Andalusian or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Andalusian.

As a result of the Funds' controlling interests in portfolio companies, Andalusian and/or its affiliates typically have the right to appoint portfolio company board members (including

current or former Andalusian personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Andalusian and/or its affiliates. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to Andalusian.

Additionally, a portfolio company typically will reimburse Andalusian or service providers retained at Andalusian's discretion for expenses (including without limitation travel expenses) incurred by Andalusian or such service providers in connection with its performance of services for such portfolio company. This subjects Andalusian and its affiliates to conflicts of interest because the Clients generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Andalusian determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Client, any fee paid or expense reimbursed to Andalusian or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

Andalusian generally exercises its discretion to recommend to a Client or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) Andalusian or a related person of Andalusian (which may include a portfolio company of such Client); (ii) an entity with which Andalusian or its affiliates or current or former members of their personnel has a relationship or from which Andalusian or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Andalusian personnel are seconded, or from which Andalusian receives secondees; or (iii) certain limited partners or their affiliates. For example, Andalusian expects to be presented with opportunities to receive financing and/or other services in connection with a Client's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects Andalusian to conflicts of interest, because although Andalusian selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Client, Andalusian has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Andalusian, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Clients or Andalusian), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Andalusian will not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses. Although Andalusian generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other other factors in retaining or recommending service providers. Whether or not Andalusian has a relationship or receives financial or other benefit from recommending a particular service

provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, Andalusian reserves the right from time to time to cause a Client to enter into a transaction whereby the Client purchases securities from, or sells securities to, other Clients managed by Andalusian, or co-investors or co-investment vehicles. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Client is acquired by a portfolio company acquired by another Client. Certain of such transactions raise potential conflicts of interest, including where the investment of one Client supports the value of portfolio companies owned by another Client. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Governing Documents or otherwise in the sole discretion of Andalusian, Andalusian reserves the right to seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Client(s) (including, where authorized, the consent of the relevant Client(s)) to such transactions. In certain circumstances, Andalusian reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Client under then-current market conditions. Andalusian intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Client under the circumstances, including a consideration of the potential present and future benefits with respect to each Client.

Although Andalusian generally structures Clients to avoid cross-guarantees and other circumstances in which one Client ultimately bears liability for all or part of the obligations of another Client, in certain circumstances lenders and other market parties negotiate for the right to face only select Client entities, which may result in a single Client being solely liable for other Clients' share of the relevant obligation and/or joint and several liability among Clients. In such case, Andalusian intends to cause the relevant other Clients to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Client undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Andalusian and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Clients or other investment vehicles advised by Andalusian and/or its affiliates; conversely, current or former personnel or executives of Andalusian and/or its affiliates may from time to time serve in significant management roles at portfolio companies or service providers recommended by Andalusian. Similarly, Andalusian, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these



persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Andalusian and/or its affiliates, and/or the Clients or other investment vehicles they advise. Andalusian expects to be subject to a potential conflict of interest with a Client in recommending the retention or continuation of a third-party service provider to such Client or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Clients, will provide Andalusian information about markets and industries in which Andalusian operates (or is contemplating operations) or will provide other services that are beneficial to Andalusian or one or more other Clients. Andalusian expects to be subject to a potential conflict of interest in making such recommendations, in that Andalusian has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Client, while the products or services recommended may not necessarily be the best available to a Client or its portfolio companies.

Andalusian, its affiliates, and equity holders, officers, principals and employees of Andalusian and its affiliates reserve the right to buy or sell securities or other instruments that Andalusian has recommended to a Client. In addition, officers, principals and employees reserve the right to buy securities in transactions offered to but rejected by a Client. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Andalusian's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Client. Employees and related persons of Andalusian have, and are expected to continue to have, capital investments in or alongside certain Clients, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

Andalusian will, from time to time, enter into arrangements or strategic relationships (each, a "Strategic Relationship") with investors (and/or one or more of their affiliates) in the Clients and/or other Andalusian vehicles, third parties, including other asset managers, financial firms, investors in a Client, investors in other Andalusian vehicles and/or other businesses or persons, which, among other things, provides for referral, sourcing or sharing of investment opportunities and/or information and may, in connection therewith, pay and/or receive compensation (including asset management fees and/or performance-based compensation) and reimburse third parties for certain expenses incurred as part of such arrangements, including diligence expenses and administrative, deal sourcing and other related expenses. A Strategic Relationship often involves an investor agreeing to make a significant capital commitment to multiple Andalusian vehicles and such Strategic Relationship may be formal or informal arrangements. Clients will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a side letter) and will be unable to elect any such rights or benefits afforded through a Strategic Relationship. Specific examples of such additional rights and benefits include, among others, (in addition to one or more of the rights listed above) specialized reporting, discounts on and / or reimbursement of management fees, carried interest, targeted amounts for co-investments alongside Andalusian vehicles (including, without limitation, preferential allocation of co-investment, and preferential terms and conditions, including priority rights, related to co-investment or other participation in Clients (including any carried interest and/or management fees to be charged with respect thereto, as well as any additional discounts or rebates thereof or other

penalties that may result if certain target co-investment allocations or other conditions under such arrangements are not achieved)). While it is possible that a Client will, along with Andalusian itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by a Client would instead be referred (in whole or in part) to such third parties. Andalusian, its affiliates and their employees may receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from such Client to, or source investment opportunities, for Strategic Relationships. Strategic Relationships may therefore result in fewer co-investment opportunities (or reduced allocations) being made available to Clients.

Andalusian further has accepted a minority investment from a third party (the “Minority Investor”). The Minority Investor’s stake is passive and it does not have any right to participate in the day-to-day operations or investment decisions of Andalusian as they relate to the Clients. The Minority Investor has relationships with other advisers and investment vehicles that may give rise to potential conflicts, including sponsoring or investing in firms or vehicles that pursue investment strategies similar to those of a Client and ultimately compete with a Client for investment opportunities. The Minority Investor is expected to further invest in a Client and have a minority economic interest in the general partner and manager of such Client and in such capacity will be entitled to receive a portion of the carried interest and other economics of Andalusian. The existence of this minority economic interest may diminish the alignment of the Minority Investor’s interests as investors in a Client with the interests of others in a Client. The Minority Investor will also be offered co-investment opportunities as a strategic relationship of Andalusian (as described above) and may have relationships in the ordinary course with current or prospective portfolio investments, including providing services and/or financing to current or prospective portfolio investments.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Andalusian may not otherwise have done so.

Since Andalusian is permitted to retain certain Supplemental Fees (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. Additionally, Andalusian, its personnel, affiliates or others designated by Andalusian expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, Andalusian and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Andalusian or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund’s relative ownership of the portfolio company awarding such compensation.

Andalusian and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

Andalusian has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Andalusian has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. Discounted prices or better terms offered by a portfolio company to Andalusian, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Any of these situations subjects Andalusian and/or its affiliates to potential conflicts of interest. Andalusian attempts to resolve such conflicts of interest in light of its obligations to its Clients, and attempts to allocate investment opportunities among a Client, other Clients and such investment vehicles in a manner it believes to be fair and equitable to the Clients under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Andalusian will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Andalusian consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

#### **DISCIPLINARY INFORMATION**

Andalusian and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described above in Item 4, Andalusian sponsors the Funds, which are private pooled investment vehicles that are controlled through their respective general partners. While Andalusian is not affiliated with or a related party of the Third-Party Advisers, certain of Andalusian principals continue to serve as officers and investment professionals of such Third-Party Advisers.

Andalusian does not currently expect the investment strategies of such Third-Party Advisers to overlap with those of Andalusian.

Andalusian is affiliated with Andalusian Sports Partners, LP, a Delaware limited partnership that provides management services to certain sports-focused investment funds (“Andalusian Sports”), and Andalusian Advisory, LP, a Delaware limited partnership that provides advisory services (together with Andalusian Sports, the “Andalusian Affiliates”). Andalusian deems itself operationally separate and independent from the Third-Party Advisers and the Andalusian Affiliates, and has adopted policies and arrangements to promote operational separateness between itself, the Andalusian Affiliates and the Third-Party Advisers.

#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Andalusian has adopted a Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of Andalusian’s principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Andalusian personnel to report their personal securities transactions, prohibits or requires pre-clearance for Andalusian personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Andalusian personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Andalusian Chief Compliance Officer (CCO). In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to the CCO at 973-701-7000. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Andalusian and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Andalusian and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Andalusian.

Accordingly, should Andalusian or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, Andalusian generally would be prohibited from communicating such information to clients, and Andalusian will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Andalusian personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of Andalusian and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the

extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Client. Co-invest opportunities generally are also expected to be presented to certain affiliates of the Andalusian, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Andalusian and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Client, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Clients generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Clients or give priority with respect to investments to such Clients. Some of these restrictions could be waived by Clients (or their representatives) in or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

#### **BROKERAGE PRACTICES**

Andalusian focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Andalusian reserves the right to distribute securities to Clients or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Andalusian does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Andalusian sells publicly traded securities for a Client, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Andalusian. In such event, Andalusian will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Andalusian reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Andalusian has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Andalusian generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Andalusian seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Andalusian generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of Andalusian's Clients. However, each and every research service may not be used for the benefit of each and every Client managed by Andalusian, and brokerage commissions paid by one Client may apply towards payment for research services that might not be used in the service of such Client. Research services may be shared between Andalusian and its affiliates.

Andalusian will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, Andalusian in its discretion reserves the right to cause the Clients to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This generally arises where Andalusian has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, Andalusian would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

Andalusian will periodically determine which brokers have provided research that has been helpful in the management of Clients. To the extent consistent with Andalusian's goal to obtain best execution for its clients, Andalusian reserves the right to seek to place a portion of the trades that it directs with the brokers who are identified through this process.

To the extent that Andalusian allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Clients' interest in receiving most favorable execution. To the extent Andalusian uses "soft dollars" on behalf of the Clients, it intends to seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Andalusian does not anticipate engaging in significant public securities transactions; however, to the extent that Andalusian engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Clients are completed independently, Andalusian also reserves the right to purchase or sell the same securities or instruments for several Clients simultaneously. From time to time, Andalusian expects, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Client of Andalusian is favored over any other Client. When an aggregated order is filled in its entirety, each participating Client generally will receive the average price obtained

on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Client participating in such buy or sell order in accordance with the amount of securities originally requested for such Clients.

Each Client generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided Andalusian believes they are fair and equitable to its clients under the circumstances over time.

In Andalusian's private company securities transactions on behalf of the Clients, Andalusian reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Client and/or its portfolio companies. In determining to retain such parties, Andalusian reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Andalusian generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Clients may not pay the lowest commission or fee for such services.

#### **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Andalusian monitors companies in which the Funds invest, and the CCO periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) annual reports providing a narrative summary of the status of each portfolio company investment.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Andalusian and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation will, in certain cases, offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees are in addition to Management Fees. *See* "Fees and Compensation."

Andalusian reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by Andalusian indirectly through an offset against the Management Fee under the

Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

### **CUSTODY**

Andalusian maintains custody of assets held in the name of the Funds with one or more qualified custodians and, where applicable, complies with Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) by meeting the conditions of the pooled vehicle annual audit provision.

### **INVESTMENT DISCRETION**

Andalusian has discretionary authority to manage investments on behalf of each Fund. As a general policy, Andalusian does not allow Fund clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Andalusian and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Andalusian assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund. Andalusian has also entered into the IPAs with certain Program Participants, who retain discretion to invest in certain investment opportunities presented by Andalusian through a Fund.

### **VOTING CLIENT SECURITIES**

Andalusian has adopted the Andalusian Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how it will vote proxies, as applicable, for the Funds’ portfolio investments. The Proxy Policy seeks to ensure that Andalusian votes proxies (or similar instruments) in the best interest of the Clients, including where there may be material conflicts of interest in voting proxies. Andalusian generally believes its interests are aligned with those of each Client, for example, through the principals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Andalusian may address the conflict using several alternatives or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board is authorized to approve Andalusian’s vote in a particular solicitation. Andalusian does not consider service on portfolio company boards by Andalusian personnel or Andalusian’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Andalusian when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Andalusian’s complete Proxy Policy or information regarding how Andalusian voted proxies for particular portfolio companies may contact the Andalusian CCO at 973-701-7000, and it will be provided at no charge.



## **FINANCIAL INFORMATION**

Andalusian does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.